

COMMISSIONER OF SECURITIES & INSURANCE

MONICA J. LINDEEN
COMMISSIONER



OFFICE OF THE MONTANA
STATE AUDITOR

ADVISORY MEMORANDUM

To: Surplus Lines Agents

From: MONICA J. LINDEEN – Montana State Auditor
Commissioner of Securities and Insurance,

Date: June 22, 2015

SURPLUS LINES PROFESSIONAL LEGAL LIABILITY POLICY PREMIUM TAX RATE CHANGE FROM 2.75% TO 0.75%

SB 234 was passed by 2015 Montana Legislature and became effective on April 30, 2015. SB 234 provides that all casualty insurers issuing policies of legal professional liability insurance pursuant to 33-1-206 shall pay to the commissioner a tax on the net premiums computed at a rate of 0.75%. It is unclear at this time if any surplus lines policies will be affected by passage of SB 234, as the majority of legal professional liability policies are available in the admitted market. The CSI is in the process of reviewing the necessary changes to the CSI Surplus Lines Website.

Until the Surplus Lines website is revised, if a surplus lines agent has filed or plans to file a legal professional liability policy with an effective date on or after April 30, 2015, send an email to Pam Daugherty at pdaugherty@mt.gov with the invoice number from the CSI website. Ms. Daugherty can revise the tax rate of the filed policy to comply with Montana tax rates and provide instructions on how to properly file the policy.

If a filed policy includes legal professional liability insurance and the premium of another casualty coverage, several corrective actions may be considered by the surplus lines agent, in consultation with Ms. Daugherty to match the correct tax rates to the filed premium. If Ms. Daugherty is unavailable, please contact Tim Morris at (406) 444-4489 or by email at tmorris@mt.gov

Legal professional liability policies with an effective date prior to April 30, 2015 are not eligible for the reduced tax rate of 0.75%.